



Newcastle Building Society

Promoting equality at Newcastle Building Society

Gender Pay Gap Report 2021

[newcastle.co.uk](https://www.newcastle.co.uk)



Our 2021 Gender Pay Gap Report



The pandemic has impacted every aspect of society and has caused some of the biggest changes to the way we work since World War II.

During this difficult period, it comes as a disappointment but perhaps not a surprise that we have seen a reversal of some of the excellent headway we had made towards reducing our gender pay gap, for reasons we explain later in the report.

Our 2021 Gender Pay Gap Report (continued)

In our previous report, I highlighted some of the positive progress we had made including achieving greater female representation in senior roles across our Group and our investment in developing female potential.

The impact of these initiatives is evidenced by our excellent progress towards targets of female senior leadership. As signatories to the Women in Finance Charter we committed to move towards 40% female senior management representation by January 2023. I'm delighted that as of September 2021, that figure was already 43%. The commitment is part of a package of measures being implemented, each designed to improve gender diversity across senior levels of our organisation.

However, delivering on that commitment is only one part of the picture, and the reality is that for the snapshot reporting period, the gender pay gap has increased across the Group.

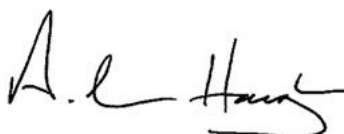
This is largely driven by an over-representation of women in less senior and part-time roles, where flexible working opportunities are greatest. At a national level the pandemic is changing our approach to work and it is disproportionately women who are moving into flexible, part time and lower paid roles.

The pandemic has also caused other fundamental changes in the labour market, some of which appear to be driving a widening of the gender pay gap. For example, during the snapshot period we've actively recruited senior positions in high-demand areas such as IT and Risk. With a trend towards home and hybrid working, we're now competing in a national pool in both of these traditionally male-dominated areas which are seeing a significant increase in the market rates of pay.

These are challenges that many organisations face, and they bring the issue of gender pay disparity into even sharper focus. The findings from this latest snapshot show us that we still have much to do and even further to travel in order to achieve gender pay equality.

Our commitment to gender pay equality is underlined by the recent changes we made to the pillars which support our Purpose statement. This includes a new pillar focussed solely on our commitment to be a diverse and inclusive organisation both as a place to work and in our approach to our communities. To bring this to life a new Diversity, Equality and Inclusivity Policy has identified Women in Leadership as our number one priority for 2022.

I am confident that the package of measures in train, further actions to be delivered and a new Purpose-driven commitment to address some of the core issues which drive gender pay disparity will help us close the gap and regain some of the ground lost due to the pandemic.



Andrew Haigh
Chief Executive

Our 2021 Gender Pay Gap Report (continued)



Actions for 2022

- ✓ Following the placement of Diversity, Equality and Inclusion (DE&I) at the core of our business strategy, we are appointing a DE&I leadership role to support the development and progression of our DE&I strategy, including our focus on Women in Leadership.
- ✓ Using our Women in Leadership network as a blueprint and recognising the role intersectionality plays in progression and access to opportunities, we are launching several wider DE&I networks aligned to our DE&I priorities.
- ✓ Aligned executive level sponsorship for DE&I which includes our Chief Finance Officer as executive sponsor for Women in Leadership.
- ✓ Launch of our reverse mentoring scheme, supporting executives and other business leaders to raise their awareness of areas such as women in leadership by exploring lived experience from within the business.
- ✓ Executive workshops and personal development focussed on purpose-led inclusion and inclusive leadership.
- ✓ Reset more ambitious Women in Finance charter targets now we have exceeded our 2023 target.
- ✓ Undertake an in depth review of our attraction and selection processes to mitigate against any bias.

Addressing our Gender Pay Gap



Our last 12 months

- ✓ We achieved our public commitment through the Women in Finance Charter to move towards 40% female senior management representation by January 2023. As of September 2021, that figure was 43%.
- ✓ Our Women in Leadership focus groups have been exploring female experiences within our Society, including barriers and opportunities in relation to career progression, supporting an insight led approach to our next stage of action planning.
- ✓ We partnered with an external specialist whose focus is supporting women in senior leadership. This partner co-created the Women's Network with us that was established this year.
- ✓ A partnership with Business In The Community who specialise in responsible business, inclusion and within that a key focus on gender. We have recently completed their Responsible Business Tracker which has highlighted our areas of both leading practise and opportunity. We will continue to work with them to review our strategic priorities and practices in relation to gender inclusion.
- ✓ We launched both a colleague Parent and Carer Network and a Women's Network, following insight provided by our colleague community through Women in Leadership focus groups.
- ✓ We are launching a new partnership with "Be a Trustee" to support females in the business attain their first governance position as a Trustee of a charity. The initial cohort are currently working closely with the partnership and are well underway to secure their first positions.
- ✓ We are continuing to work on a next generation operating model, which will include more hybrid and dynamic working practices, opening up more inclusive opportunities.

Newcastle Building Society Group

Gender Pay Gap Report 2021

Salary and Bonus Information

The below table shows our Group mean and median gender gap, based on a snapshot date of 31 March 2021.

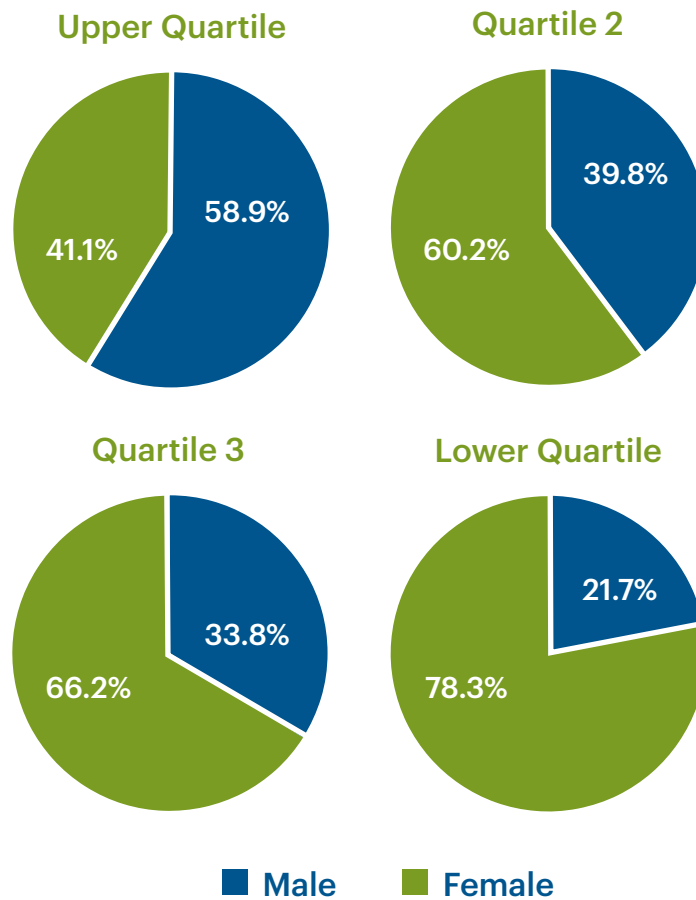
	MEAN	MEDIAN
Hourly Rate of Pay	24.0%	25.6%
Bonus Amount	41.4%	0%

2020 Figures	MEAN	MEDIAN
Hourly Rate of Pay	22.6%	23.3%
Bonus Amount	54.1%	21.0%

With a small number of exceptions, bonus during this period was replaced by way of a largely flat recognition payment to colleagues. Within the Group 95% of women and 95% of men were eligible for such a payment during the snapshot period.

Salary Quartiles

The below charts show the percentage of male and female colleagues in each quartile of the organisation. The quartiles are determined by hourly rate of pay and each includes around 314 people.



Newcastle Building Society Group

Gender Pay Gap Report 2021 (continued)

Commentary

Newcastle Building Society Group mean gender pay gap is 24.0%; our Group median gender pay gap is 25.6%.

Our Group gender pay metrics have worsened since the previous reporting period:

- Our mean gender pay gap has increased to 24.0% (from 22.6%).
- Our median gender pay has increased to 25.6 (from 23.3%).

When compared with the financial sector average, our Group gender pay gap across both mean and median measures is lower (the figures are 29.5% and 33.2% respectively for the financial services sector).

However both pay gap metrics are still higher than the national averages of 14.6% mean and 15.5% median.

What is driving our Group gender pay gap?

The Group gender pay gap is largely driven by the over representation of women in less senior and part time roles, and under represented at more senior levels. The pay gap doesn't mean we pay female colleagues less than male colleagues for the same role.

Women represent nearly two thirds (61.5%) of our Group workforce. In the 2021 gender pay snapshot, 20% of colleagues across the Group work part time, of which 95% are female. They are over represented in part time, lower paid roles, and under represented at more senior levels. However, it's important to note that being able to offer a range of roles on a part time basis supports our wider inclusion aims.

Over the past 12 months we have seen a positive increase in senior female representation: external recruitment into senior roles has resulted in more female appointments, and growing our internal female talent has resulted in more female candidates being promoted into senior positions.

Our Group Executive team on the snapshot date of 31 March 2021 was made up of 5 men and 3 women.

Our Group mean bonus gap is 41.4%, our Group median bonus gap is 0%.

- Our mean bonus pay gap has decreased to 41.4% (from 54.1%).
- Our median bonus pay has decreased to 0% (from 21.0%).

What is driving our Group gender bonus gap?

During the snapshot period we didn't pay a colleague bonus, with the exception of a small number of colleagues within our Newcastle Financial Advisers subsidiary.

The gender mix of Financial Advisers stands at 17 male versus 4 female eligible colleagues (of the 4 female colleagues, 2 are part time). It is important to note that part time contracts are not converted to full time equivalents in the reporting rules for bonus. This significantly drives the Group bonus pay gap during the reporting period.

A largely flat recognition payment was made to colleagues across the Group (with the exception of ExCo). It is this payment which explains the 0% median bonus pay gap.

Newcastle Building Society

Gender Pay Gap Report 2021 (continued)

Salary and Bonus Information

The below table shows our mean and median gender gap, based on a snapshot date of 31 March 2021.

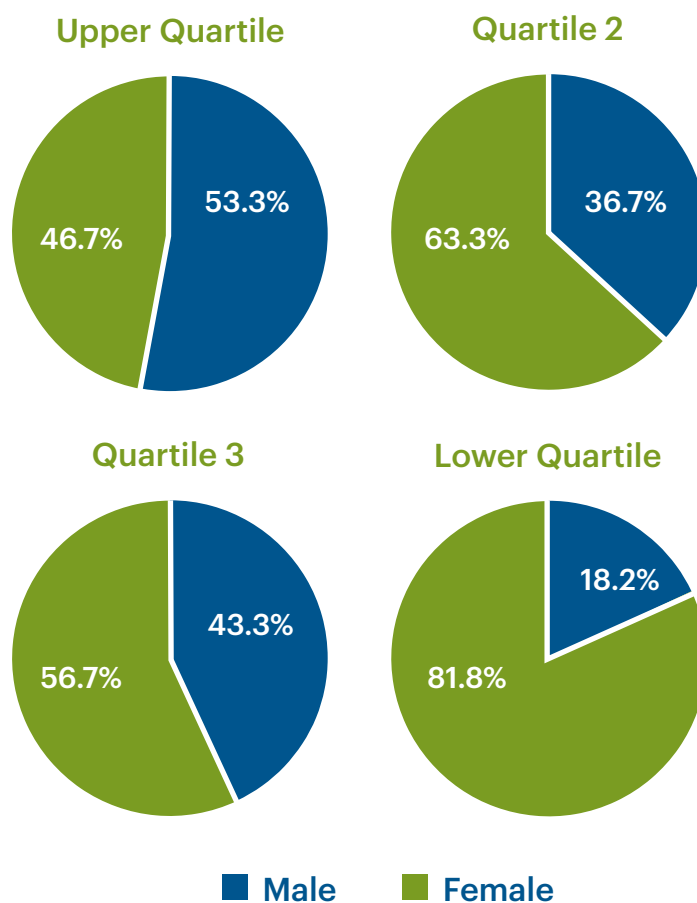
	MEAN	MEDIAN
Hourly Rate of Pay	27.6%	18.6%
Bonus Amount	9.1%	0%

2020 Figures	MEAN	MEDIAN
Hourly Rate of Pay	25.6%	12.0%
Bonus Amount	45.8%	10.2%

With a small number of exceptions, bonus during this period was replaced by way of a largely flat recognition payment to colleagues. Within Newcastle Building Society 93% of men and 96% of women were eligible for such a payment during the snapshot period.

Salary Quartiles

The below charts show the percentage of male and female colleagues in each quartile of the organisation. The quartiles are determined by hourly rate of pay and each includes around 146 people.



Newcastle Building Society

Gender Pay Gap Report 2021 (continued)

Commentary

Newcastle Building Society's mean gender pay gap is 27.6%; our median gender pay gap is 18.6%

Newcastle Building Society figures show negative movement for both mean and median gender pay gap measures:

- Our mean gender pay gap has increased to 27.6% from 25.6% in 2020.
- Our median gender pay gap has increased to 18.6% from 12.0% in 2020.

What's driving the Newcastle Building Society pay gap?

Our Society gender pay gap is driven by the over representation of women in lower paid and part time roles, and the under representation at more senior levels. See Group commentary above.

Newcastle Building Society's mean bonus gap is 9.1%; our median bonus gap is 0%

- Our mean bonus gap has decreased to 9.1% from 45.8% in 2020.
- Our median bonus pay gap has decreased to 0% from 10.2% in 2020.

What's driving our Newcastle Building Society bonus gap?

During the snapshot period we didn't pay a colleague bonus. Instead a recognition payment was made to all colleagues (with the exception of ExCo). This payment was largely flat, which explains the 0% median bonus gap.

At more senior levels the recognition payment was partly calculated based on grade, which has led to a mean gender bonus gap of 9.1%.

Newcastle Strategic Solutions Limited

Gender Pay Gap Report 2021

Salary and Bonus Information

The below table shows our mean and median gender gap, based on a snapshot date of 31 March 2021.

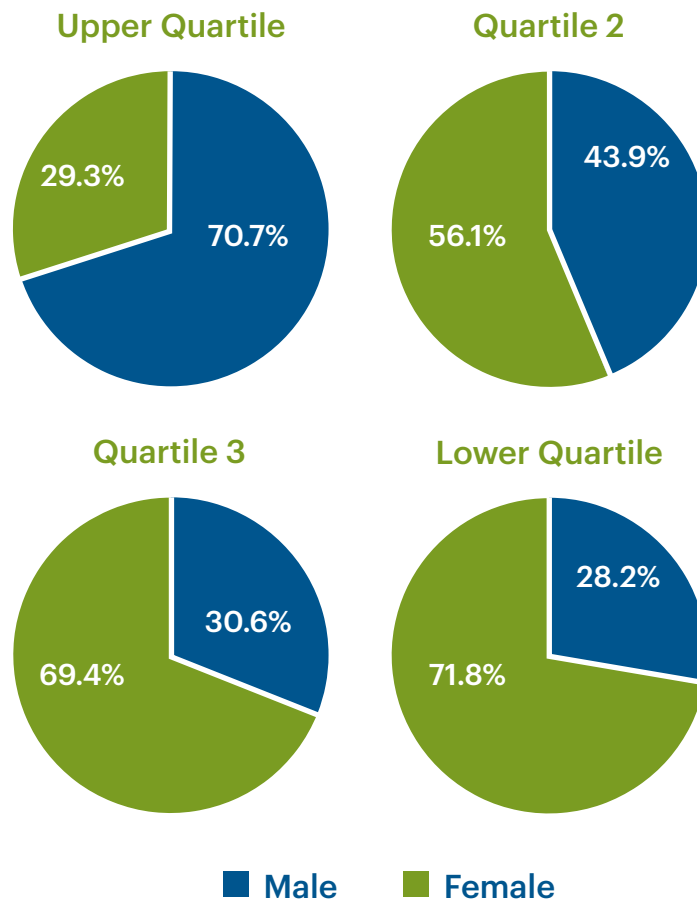
	MEAN	MEDIAN
Hourly Rate of Pay	20.6%	27.6%
Bonus Amount	5.5%	0%

2020 Figures	MEAN	MEDIAN
Hourly Rate of Pay	18.5%	21.2%
Bonus Amount	32.6%	28.2%

With a small number of exceptions, bonus during this period was replaced by way of a largely flat recognition payment to colleagues. Within Newcastle Strategic Solutions Ltd, 95% of men and 95% of women were eligible for such a payment during the snapshot period.

Salary Quartiles

The below charts show the percentage of male and female colleagues in each quartile of the organisation. The quartiles are determined by hourly rate of pay and each includes around 157 people.



Note: Newcastle Strategic Solutions is our technology and service subsidiary

Newcastle Strategic Solutions Limited

Gender Pay Gap Report 2021 (continued)

Newcastle Strategic Solutions is our technology and service subsidiary.

Commentary

Newcastle Strategic Solutions' mean gender pay gap is 20.6%; our median gender pay gap is 27.6%.

- Our mean gender pay gap has increased to 20.6%, from 18.5% in 2020.
- Our median gender pay gap has increased to 27.6%, from 21.2% in 2020.

What's driving our Newcastle Strategic Solutions' pay gap?

Three main factors contribute to Solutions' gender pay gap:

1. The Group information technology arm became part of the Solutions subsidiary in 2020.
2. The IT sector continues to attract higher average salaries and to attract more men into these roles.
3. Our Solutions' call centre attracts a high proportion of women in to lower salary scale and part time roles.

Newcastle Strategic Solutions' mean bonus gap is 5.5%; our mean bonus gap is 0%

- Our mean bonus gap decreased to 5.5% compared with 32.2% in 2020.
- Our median bonus pay gap decreased to 0% compared with 28.2% in 2020.

What's driving our Newcastle Strategic Solutions bonus gap?

During the snapshot period we didn't pay a colleague bonus. Instead a recognition payment was made to all colleagues (with the exception of ExCo). This payment was largely flat, which explains the 0% median bonus gap.

At more senior levels the recognition payment included an element based on grade, which has led to a mean gender bonus gap of 5.5%.

Gender Pay Gap Report – Appendix

Information to be reported and calculations

The Gender Pay reporting legislation requires organisations of more than 250 colleagues to report on 6 key measures of their pay; these are:

- the difference in mean pay between male and female employees;
- the difference in median pay between male and female employees;
- the difference in mean bonus pay between male and female employees;
- the difference in median bonus pay between male and female employees;
- the proportions of male and female employees who were paid bonus pay; and
- the proportions of male and female employees in each quartile of their pay distribution.

Definitions

The mean is determined by adding up all of the figures in a range and dividing them by how many numbers there are in the range. The median is determined by arranging all figures within a range in order from largest to smallest and choosing the middle value. For gender pay reporting purposes, pay is calculated at the snapshot date of 31 March.

Calculations are made on the basis of hourly rate of pay and after any salary sacrifice. Whereas pay figures are calculated using the hourly rate of pay, and therefore reflect Full Time Equivalent figures, Bonus figures are calculated on the basis of actual payments made. Where colleagues work part-time, their part-time bonus will be reflected. The salary quartiles are determined by arranging all hourly rates of pay in order from largest to smallest, then dividing this list into four equal sized sections.

Pay Calculations

The mean and median pay gap is derived from the following formula:

$$(A-B) \div A \times 100$$

A is the mean/median hourly rate of pay of all applicable male employees.

B is the mean/median hourly rate of pay of all applicable female employees.

The result is expressed as a percentage.

